Hon. Sihna Lawrence  
Secretary  
Department of Finance and Administration  
P.O. Box PS158  
Palikir  
Pohnpei  
Federated States of Micronesia

Dear Secretary,

_Federated States of Micronesia:_  
Pacific Regional Connectivity Program Phase 2: FSM Connectivity Project  
(formerly, Pacific Regional Connectivity Program Phase 2: Palau-FSM Connectivity Project)  
(Grant No. D004-FM and Additional Financing Grant Number D1880-FM)  

_Amendment to the Agreement Providing for the Additional Financing and the Amendment and Restatement of the Financing Agreement_

We refer to the Agreement Providing for the Additional Financing and the Amendment and Restatement of the Financing Agreement between the Federated States of Micronesia ("Recipient") and the International Development Association ("Association") for the above-mentioned project ("Project"), dated September 19, 2017, as revised through a corrigendum dated May 22, 2018 ("Agreement"). We also refer to the Recipient’s letter, dated May 29, 2019, requesting certain amendments to the Agreement. All capitalized terms used in this letter ("Amendment Letter") shall have the same meanings ascribed to them in the Agreement unless the context requires otherwise.

We are pleased to inform you that the Association concurs with your request, and hereby proposes to amend the Agreement by way of this Amendment Letter as follows:

1. Sections 2.01(j), (k), (m) and (q) of the Agreement are deleted in their entirety, and the subsequent paragraphs are renumbered accordingly.

2. A new Section I.B.4(i) is added to Schedule 2 to the Amended and Restated Financing Agreement, annexed to the Agreement, to read as follows:

   "(i) by not later than March 31, 2020, ensure, or take all measures required or necessary on its part to ensure, that all other implementation arrangements required for Part 1 of the Project, as satisfactory to the Association and agreed in writing with the Recipient, have been completed."

3. Section I.D of Schedule 2 to the Amended and Restated Financing Agreement, annexed to the Agreement, is renumbered as Section I.D.1, and a new Section I.D.2 is added to read as follows:

   "2. The Recipient shall, by not later than March 31, 2020, furnish to the Association evidence satisfactory to the Association to demonstrate that the Office of the Regulator has, pursuant to
the Telecommunications Act, made: (a) licensing rules for communications networks and services; (b) spectrum licensing rules; and (c) interconnection and access rules, including wholesale prices and pricing principles to guarantee open and non-discriminatory access to bottleneck facilities and the provision of wholesale services, all in a manner satisfactory to the Association.

4. The date specified in Section II.A.2 of Schedule 2 to the Amended and Restated Financing Agreement, annexed to the Agreement, as the deadline for carrying out a mid-term review of the Project is revised from “February 1, 2019” to “November 30, 2019”.

Except as specifically amended herein, all other provisions of the Agreement shall remain in full force and effect.

Please indicate your agreement to the amendments set out above by countersigning, dating and returning to us one original of this Amendment Letter. Upon receipt by the Association of a duly countersigned original of this Amendment Letter, the amendments detailed in this Amendment Letter shall become effective as of the date of countersignature.

Sincerely,

[Signature]

Robert Johann Utz

Authorized Representative

Name: Robert Johann Utz

Title: Actg Country Director, Lead Economist and Program Lead

Date: 12-Jun-2019

AGREED:

FEDERATED STATES OF MICRONESIA

[Signature]

Authorized Representative

Name: Sihna Lawrence

Title: Secretary of Finance and Administration

Date: 6/14/19